

Name of Project
Project No.
FIRM COMMITMENT
SPECIAL CONDITIONS NUMBERED 1 through ____
DATED:

SPECIAL CONDITIONS applicable to ALL PROGRAMS

1. This commitment is subject to conditions and conclusions detailed in the enclosed forms:
 - a. HUD-92264, Project Income Analysis and Appraisal;
 - b. HUD-92264A, Supplement to Project Analysis;
 - c. HUD-92273, Estimates of Market Rent by Comparison; and
 - d. HUD-92329, Property Insurance Schedule.
2. This Commitment is subject to the requirements of Executive Order 11246 relating to equal opportunity in employment and regulations and procedures thereunder.
3. Mortgagors to execute assurance of compliance with the Department of Housing and Urban Development (HUD) regulations under Title VI of the Civil Rights Act of 1964.
4. The Firm Commitment was processed using an interest rate for the construction loan at ____ percent and the permanent loan at ____ percent. Any changes of interest rates may require reprocessing of the loan.
5. Flood insurance and earthquake insurance are not required.
6. Within 10 days of the date of HUD's agreement of this Firm Commitment the mortgagor must provide acceptance of this Firm Application and its Conditions in writing.
7. Evidence of a free and clear title report is required at initial endorsement.
8. New principal partners of the mortgagor which are admitted on or before initial endorsement and were not disclosed in the Firm Commitment Application must be subject to HUD's credit review and 2530 clearance before initial endorsement.
9. The mortgagor shall provide HUD and the Lender a certified survey and surveyor's report, meeting HUD's requirements, at least 15 days prior to closing.
10. The mortgagor shall provide HUD and the Lender ownership entity documentation, which complies with HUD requirements for the specific organization type, and HUD NOTICES 92-76 and 95-66.
11. The Lender, agrees to retain, in accessible files, ALL materials related to the underwriting of this insured mortgage for a period of three years.
12. HUD reserves the right to examine file materials at any time during the three year period following endorsement of the loan. If there is evidence of material discrepancies in the data or logic used to support the underwriting, the eligibility of the lender to submit further SFT 2.0 applications may be terminated. Evidence of fraud or intentional misrepresentation, which results in a default, may result in denial of claim for projects that default. As appropriate, cases may be referred to the Mortgagee Review Board.

Special Conditions continued- Page 2

13. The Lender agrees that to continue its eligibility to submit further CFT 2.0 applications, it must maintain the loan performance standards identified in the "Guide to Understanding."
14. Please arrange to meet with the Project Manager assigned to this project within 30 days prior to closing so he/she may provide information regarding the management (servicing, marketing, occupancy, audit reports, etc.) of the project.
15. The borrower must set up a single asset mortgagor entity. Provide the document(s) legally establishing this entity at least 15 days prior to initial closing.
16. Per 24 CFR 207.32a(e)(2), the loan will be closed to prepayment for a period of five years, unless otherwise agreed upon by the Commissioner.

SPECIAL CONDITIONS applicable to NEW CONSTRUCTION AND SUB REHAB

1. At least 10 business days prior to initial endorsement, an Estimated Progress Schedule of Work must be submitted by the general contractor for review and approval by the Department. The progress schedule is required by Article 3,10.1 of the AIA General Conditions, which is an integral part of the FHA Construction Contract, Form HUD-92442 or 92442A.
2. Any interest savings resulting purely from a differential between the HUD processed interest rate and the actual final interest rate may not be construed as excess funds that may be used to offset costs in other categories at the time of cost certification. Any such savings must be applied as a mortgage reduction.
3. Prior to the Pre-construction Conference, the general contractor/owner must provide evidence to HUD that at least 20 percent of the dollar value of contracts entered into have been made available to minorities for bidding. This evidence should be presented as an attachment in such a manner as to reflect the total dollar amount of the construction, the total dollar amount of the minority contracts and the total dollar amount made available for minority bidders.
4. The Sponsor/Builder must provide evidence 15 days prior to final endorsement that minority business enterprises were given an opportunity to bid on and participate in at least 20 percent of the dollar value of all contracts awarded. This evidence should be presented as an attachment in such a manner as to reflect the total dollar amount of the construction, the total dollar amount of minority contracts and the total dollar amount made available for minority bidders.
5. Enclosed is the General Wage Decision Number _____, Modification Number ____, published _____. This wage decision is in effect until it is modified. Ten days prior to initial endorsement, the project architect will need to call HUD's Labor Relations Staff at (206) 220-5110 to check for any modifications. The 10 days is a grace period during which any modifications arriving will not affect the decision; however, any modifications that are 11 days, or more, older will be in effect whether or not you are aware of it. The project's architect will need to ensure that updates are obtained as necessary.
6. Prior to initial endorsement, the Affirmative Fair Housing Marketing Plan must be approved by HUD's Office of Fair Housing and Equal Opportunity.

7. Should any ACM's or environmental contaminants be encountered in the course of demolition or construction, they are to be handled in accordance with all applicable federal, state, and local requirements. HUD requirements specify that all underground fuel oil tanks must be removed prior to Initial Endorsement, and a certification must be provided by a qualified environmental consultant that the soil is free from petroleum hydrocarbon contamination.
8. At least 10 business days prior to Initial Endorsement, submit an executed copy of the "Final Architectural Plan Review Certification," for review and approval by the Department. The Certification is required for all projects that have incorporated bidder-design systems into the plans and specifications.

SPECIAL CONDITIONS applicable to NEW CONSTRUCTION AND SUB REHAB with BSPRA

1. Our processing has assumed an identity-of-interest between the Mortgagor and the general Contractor. If, at initial endorsement, there is in fact no identity-of-interest, the project will be reprocessed to exclude the Builder's and Sponsor's Profit and Risk Allowance and to substitute a typical profit and a Sponsor's Profit and Risk Allowance on the estimated costs exclusive of land and construction.

SPECIAL CONDITIONS applicable to Programs Requiring Credit Subsidy

1. Provide a copy of the Firm Commitment signed by the Lender and Sponsor within 10 working days from the date HUD signs this Commitment indicating acceptance of this Firm Commitment and its conditions. The Credit Subsidy reservation for this project cannot be requested until the Firm Commitment is accepted.

SPECIAL CONDITIONS applicable to SECTION 232

1. The mortgagor will provide to HUD and the Lender evidence of a firm proposal for all leased systems, including telephone systems, nurse call systems, dishwashers, and any other equipment. This evidence will clearly identify the equipment, specification of the system, the lease terms and associated costs. These leases are subject to HUD and the Lender's approval and must be submitted to both parties at least 15 days prior to the date of closing.
2. The mortgagor will certify at initial closing to HUD and the Lender that all leased systems, including telephone systems, nurse call systems, dishwashers, and any other applicable equipment will be installed in a professional manner and operational prior to construction completion. The mortgagor will further certify that installation of the equipment will be coordinated with the general contractor during the course of construction. At final closing, the mortgagor will attest that the equipment has been installed as certified at initial closing.

SPECIAL CONDITIONS applicable to SECTION 232 NURSING HOMES

1. A Sinking Fund Agreement between the Mortgagor and Mortgagee must comply with all requirements and conditions of HUD Handbook 4600.1 REV 1, para. 11-3 and be provided to HUD for review at least 15 days prior to initial closing.

SPECIAL CONDITIONS applicable to SECTION 223f

1. All existing indebtedness encumbered on the property must be paid off and provide a free and clear title report at final endorsement.
2. Cost certification with supporting documentation is required at least 15 days prior to final endorsement.
3. Enclosed is the critical repair list. These repairs are considered "critical" and must meet the specific requirements contained in Chapter 5 and 6 of HUD's Minimum Property Standards. We estimate these repairs will cost \$XXXXXXX. Please advise our office of the completion date of these repair items in sufficient time to arrange for a HUD inspection. All critical repair work must be completed no later than 30 days prior to final endorsement.
4. Enclosed is the non-critical repair list. These repairs must begin immediately following final endorsement and must be completed with 12 months of closing. We estimate these repairs will cost \$XXXXXXX. A cash escrow for 150 percent of this amount must be established at closing.
5. The Initial Deposit to the Reserve for Replacements requirement is \$XXXXXXX based on the Physical Takeoff or Formula method (select one).